

August 23, 2007

General Chairman Dennis Albers:

This is in reference to the disputes between CSXT and the Organization over the interpretation and application of the Scope Rule of the June 1, 1999 Agreement as it relates to contracting out. In connection with the parties' desire to settle existing claims and minimize future disputes over the interpretation and application of the Scope Rule of the June 1, 1999 Agreement, the parties, on May 9, 2007, reached a tentative Memorandum of Agreement to amend the June 1, 1999 Agreement, which the parties agreed was contingent upon the satisfactory resolution of outstanding claims related to the subject matter of the Memorandum of Agreement. To accomplish such claim settlements, the parties agreed that representatives of CSXT and each of the six BMWED system federations signatory to the June 1, 1999 Agreement would meet to resolve the relevant claims that had been filed by each respective system federation.

The purpose of this letter is to memorialize the parties' settlement and confirm that representatives of CSXT and the Allied Federation have met and reached a full and final settlement and/or withdrawal of all claims, at any stage of grievance handling and whether or not set forth in Attachment "A" hereto, relating to the contracting out of any of the following kinds of work and/or by failing to provide notice of such contracting:

1. Track welding
2. Asphaltting of road crossings
3. New track construction
4. Brush cutting, tree cutting or land clearing
5. Installation, repair and maintenance of insulated joints
6. Concrete tie pad replacement
7. Flagging

The Organization also agrees not to file or progress any new claims relating to the contracting out of the types of work listed above or by failing to give notice of such contracting, except that nothing in this settlement agreement shall preclude the Organization from filing new claims that CSXT violated the June 1, 1999 Agreement as modified by the Memorandum of Agreement dated May 9, 2007.

The parties agree that the amounts listed in Attachment "A" are the total liability due and owing by CSXT for the settlement of the claims described in this settlement agreement.

The parties further agree that any contingencies that must be met before the Memorandum of Agreement dated May 9, 2007 becomes effective have been met and, therefore, that that Memorandum of Agreement is effective as of the date of this letter.

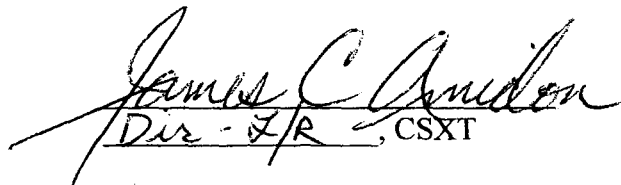
CSXT will pay the amounts due to each employee listed on Attachment "A" by November 1, 2007. BMWED was solely responsible for identifying the employees to whom payments are to be made and the amount of the payment for each such employee. BMWED agrees that, within fourteen (14) days of the date of this letter, it will withdraw all outstanding claims at any stage of grievance handling and whether or not set forth in Attachment A hereto, relating to the contracting out of any of the types of work listed above, and notify the Third Division of the NRAB, any public law board, or any other board of adjustment established under Section 3, Second of the Railway Labor Act before which such claims may be pending that the claims are withdrawn as settled. The parties agree that, should an arbitrator who has CSXT-BMWED contracting out cases, which have been settled as withdrawn by this settlement agreement, issue awards in those cases before they can be withdrawn pursuant to this settlement agreement, such cases shall be treated as if they had been withdrawn as settled under this agreement.

Within fourteen (14) days of the date of this letter, BMWED agrees to withdraw BMWED v. NMB and CSXT, and CSXT agrees to withdraw its requests for certain "capacity" public law boards.

The parties agree this settlement agreement is without prejudice to either party's position with respect to the contracting out of work not covered by the Memorandum of Agreement dated May 9, 2007 and that neither party will refer to this handling in any other forum, except to enforce the terms of this settlement agreement.

If the above clearly reflects our agreement in connection with the full and final settlement of the claims described in this letter, including on Attachment "A" hereto, please so indicate by affixing your signature in the space provided below.

Very truly yours,

  
Dir. - F/R, CSXT

I Agree:

Dennis R. Alben  
\_\_\_\_\_, General Chairman  
Allied Eastern Federation

August 23, 2007

**COVER LETTER**

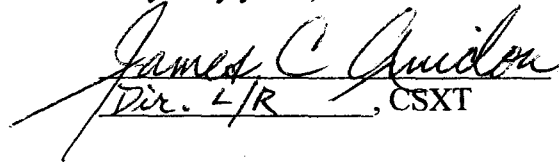
J. R. Cook  
Vice President-BMWED  
11467 Coates Highway  
Brethren, MI 49619

Dear Mr. Cook:

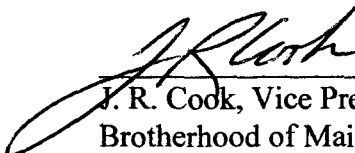
The parties have now reached agreements with respect to the settlement of certain contracting out claims as anticipated in the Memorandum of Agreement of May 9, 2007. These settlements are memorialized in the seven attached settlement agreements, which are a full and final settlement of the contacting out claims described in the attached settlement agreements.. Enclosed are the seven agreements for execution by the appropriate union officer from each of the six system federations on CSXT.

As agreed in the Memorandum of Agreement of May 9, 2007 to amend the June 1, 1999 system-wide collective bargaining agreement, with these seven agreements, the Memorandum of Agreement shall now become effective. The agreements have been dated August 23, 2007 and that is the date the Memorandum of Agreement will also become effective.

Very truly yours,

  
Dir. L/R, CSXT

I Agree:

  
J. R. Cook, Vice President  
Brotherhood of Maintenance of Way Employees Dept.

05-09-07

MEMORANDUM OF AGREEMENT

BETWEEN

CSX TRANSPORTATION CO., INC.

AND

THE BROTHERHOOD OF MAINTENANCE OF WAY  
EMPLOYES DIVISION OF THE INTERNATIONAL  
BROTHERHOOD OF TEAMSTERS

WHEREAS, the parties have had ongoing disputes over the interpretation and application of the Scope Rule of the June 1, 1999 Agreement as it relates to contracting out; and,

WHEREAS, the parties desire to settle existing claims and minimize future disputes over the interpretation and application of the Scope Rule of the June 1, 1999 Agreement with respect to contracting out; and,

WHEREAS, the parties also desire to avoid any future flagging disputes; and,

WHEREAS, the parties desire to resolve other issues specifically addressed herein:

IT IS THEREFORE AGREED:

**Section 1 - Track Welding Work**

- A. Effective January 1, 2008, all track welding work shall be performed by BMWED-represented welder foremen, welders and welder helpers and the Carrier shall not contract out such work
- B. The Carrier may advertise and establish System Welding Gangs and/or Zone Welding Gangs. A Zone shall be a territory consisting of up to three (3) contiguous SLWT's (as SLWT's exist on the date of this Memorandum of Agreement) that are grouped together to create a single work territory for an annual work season of not more than one calendar year. The Carrier may use the same Zones from year to year or redefine the Zones each year. "Contiguous" means that a SLWT touches one of the other SLWT's which comprise the Zone.

1. System Welding Gangs shall be bulletined, assigned and operated in accordance with the terms, conditions and benefits of the System Production Gang Agreement (last updated as of August 22, 2005), except that System Welding Gangs may have fewer than twenty (20) employees.
  2. Zone Welding Gangs shall be floating gangs that are bulletined, assigned and operated in accordance with the terms, conditions and benefits of the June 1, 1999 Agreement, except that employees assigned to Zone Welding Gangs shall be allowed the weekly travel allowance provided for in Section 11 - Travel Allowance of the SPG Agreement (as updated from time to time).
  3. Positions on Zone Welding Gangs may be bulletined system-wide and will be awarded in the following order:
    - a. to the senior applicant holding seniority in the classification bulletined who has seniority in the classification on a SLWT seniority list for one of the SLWT's combined to form the zone in question for that work season.
    - b. to the senior applicant holding seniority in the classification bulletined, but who does not hold seniority on a SLWT seniority list for one of the SLWT's combined to form the zone in question for that work season.
    - c. to the senior applicant holding seniority in lower successive classes on the applicable seniority roster following the principles in Paragraphs 3(a) and (b) above successively.
    - d. to the applicant with the earliest established MofW seniority date following the principles in Paragraphs 3(a) and (b) above successively.
- C. If CSXT advertises a position in the Welder Foreman, Welder or Welder Helper class on two successive bulletin cycles under Rule 3, Section 3 of the June 1, 1999 Agreement and Paragraph B3 above, and no applications are received from current employees, CSXT may hire new employees directly into the Welder Foreman, Welder or Welder Helper classifications to fill such positions. An employee entering service in the Welder Foreman, Welder or Welder Helper class will acquire seniority in that class from the date assigned to an advertised position (date hired) and will establish seniority as of the same date in lower classes on the same seniority roster.

Note: Rule 3, section 3(a) of the June 1, 1999 Agreement is modified to allow the Carrier to advertise Zone Welding Gang positions up to 120 days in advance of the date the position is required. Such advertisement will indicate a date certain effective start date.

- D. Employees who establish new seniority in the Welder Foreman, Welder or Welder Helper classifications by: (1) application and assignment to a bulletined position; or (2) being hired into a Welder or Welder Helper position pursuant to Paragraph C above, shall not be permitted to bid off such positions for a period of six (6) months from the date they physically assumed the duties of the position
- E. An employee who exercises seniority pursuant to Rule 4, Section 2 of the June 1, 1999 Agreement to displace a Welder Foreman, Welder or Welder Helper with less seniority during the six (6) month restricted period established in Paragraph D above, shall not be permitted to bid off that position for a new six (6) month period beginning from the date that he physically assumes the duties of the position.

## **Section 2 – Brushcutting and Tree Cutting**

- A. Effective July 1, 2008, all brush and tree cutting work, whether performed with on-track or off-track machines and equipment, shall be performed by BMWED-represented employees and shall not be contracted out except under the following exceptional circumstances: \*
  - 1. Contractors may be used to cut and trim trees where the location of the trees in proximity to buildings or bridges or brush and trees on unusually steep slopes or swamps creates special hazards not encountered by employees represented by BMWED in vegetation cutting and clearing work.
  - 2. Contractors may be used to cut trees whose girth is more than 36 inches in diameter or height is more than 30 feet. Contractors assigned to cut such large trees shall be confined to such work and shall not be assigned to perform additional vegetation clearing work.
  - 3. Contractors may be used to apply chemical herbicides when such herbicides are applied by independent equipment separate and distinct from vegetation cutting equipment. For example, the Carrier may contract out the application of herbicides by spray trucks, but it may not contract out for the use of hydro-ax equipment to simultaneously cut vegetation and spray herbicide. If the Carrier contracts out the application of herbicides by spray trucks, BMWED represented employees will be assigned to perform all necessary piloting and/or track protection work.

4. Contractors may be used to cut brush or trees under pole lines which are more than thirty (30) feet from the center line of the track and beyond the reach of on track brushcutting equipment.
5. Contractors may perform cutting of ornamental lawns.
6. If the Carrier plans to contract out work pursuant to sections A 1, 2, 3, or 4 above, the Carrier shall provide informational notice to the General Chairman involved, in writing, not less than 15 days in advance of the date of the contract transaction and shall meet with the General Chairman upon request to discuss the matter.

\* (Note: During the interim period between the date of this Memorandum of Agreement and July 1, 2008 the Carrier may continue to contract out Brushcutting work without providing notice to the General Chairman.)

- B. CSXT may establish Zone Brushcutting Gangs consistent with the terms and conditions set forth in Section 1 B, paragraphs B2 and B3 above for Zone Welding Gangs.

### **Section 3 - Asphaltting of Road Crossings**

- A. CSXT may contract out the work of asphaltting grade crossings that is performed in connection with planned capital budget work by "Production Gangs", defined as a mobile and mechanized gang consisting of ten (10) or more employees. CSXT is not required to provide BMWED with notice of or hold conferences regarding such contracting. However, CSXT will provide an informational list of crossings to be contracted at the beginning of the production season. The list may be supplemented from time to time if the production schedule changes.
- B. Effective October 1, 2007, all road crossing asphaltting work other than that identified in Paragraph A above shall be performed by BMWED-represented forces and shall not be contracted out except for: (1) crossings of exceptional length and width that require the use of special self-propelled asphalt lay-down machines; and (2) crossing asphaltting work required (initiated and paid for) by an outside agency. If the Carrier plans to contract out work pursuant to the exceptions provided for in (1) or (2) of this paragraph, the Carrier shall provide informational notice to the General Chairman involved, in writing, not less than 15 days in advance of the date of the contract transaction and shall meet with the General Chairman upon request to discuss the matter.



- C. All other work in connection with the maintenance, repair or rehabilitation of road crossings, such as surfacing or the installation of rail, ties, ballast, flangeways or crossing surfaces made of materials other than asphalt (wood, rubber, concrete panels, etc.) shall be performed by BMWED-represented employees and shall not be contracted out.

#### **Section 4 - Insulated Joints**

- A. Effective thirty (30) days after the date of this Memorandum of Agreement, all work in connection with the installation, maintenance and repair of insulated joints (specifically including "glued" joints) shall be performed by BMWED-represented employees and shall not be contracted out. No Notice is required for work contracted during the 30 day interim period.

#### **Section 5 - Concrete Tie Pads**

- A. From the date of this Memorandum of Agreement through December 31, 2007, the Carrier may contract out the work of replacing worn concrete tie pads in existing track.
- B. From January 1 through December 31, 2008, the Carrier may not contract out concrete tie pad replacement work unless it has first established a concrete tie pad replacement gang staffed with no fewer than twenty (20) BMWED-represented employees. During the time this concrete tie pad replacement gang staffed by BMWED-represented employees is working, the carrier may contract out additional concrete tie pad replacement work to supplement the work of this twenty (20) man gang. However, no contractor employees may be used to perform concrete tie pad replacement work before the BMWED staffed gang is established or after it is abolished during the 2008 calendar year.
- C. Effective January 1, 2009, all concrete tie pad maintenance and replacement work for existing track shall be performed by BMWED-represented employees and the Carrier shall not contract out such work.
- D. CSXT may establish System or Zone Concrete Tie Pad Maintenance and Replacement Gangs consistent with the terms and conditions set forth in Section 1 B (except must be a minimum of 20 man gang), paragraphs B1, B2 and B3 above for System and Zone Welding Gangs.
- E. No Notice is required for work identified in this section.

## Section 6 - New Track Construction

- A. Effective on the date of this Memorandum of Agreement, CSXT may contract out new track construction projects over 3/4 of a continuous mile in length. For the purpose of this provision, "new track construction" shall be defined as the construction of new sidings, new yard or industrial tracks, new mainline track including the addition of parallel mainline track or, the extension of existing sidings, new bridges and structures and related work. Contractors performing such new track construction work shall be confined to such work and shall not perform work on existing track, bridge or structures in the vicinity. In the performance of new track construction work contractors may also use their equipment to move large switches (#15, #20 or larger switches) into place when necessary to tie new track construction into existing tracks. However, BMWED-represented employees shall perform all other work necessary to install such switches and they shall perform all subsequent maintenance, repair and rehabilitation work on the new tracks.
- B. All new track construction work other than that described in Paragraph A above shall be performed by BMWED-represented forces and shall not be contracted out except that CSXT may contract subgrade work (below the ballast) necessary for all new track construction, irrespective of length.
- C. If a government agency contracts for the relocation of the Carrier's tracks and/or bridge and related structures in connection with a public infrastructure project that has been initiated by the government agency, at its expense and for its benefit, such relocation work (dismantling and construction of track, bridges and related structures) shall not be performed by BMWED-represented employees. However, if CSXT undertakes the responsibility to perform the track, bridge or related structures work, CSXT will use BMWED represented employees to perform the retained work. Irrespective of who constructs the new track in connection with a relocation project (a contractor or BMWED-represented employes), the work of connecting such newly constructed track (permanent or temporary shoofly) to the Carrier's active tracks shall be performed by BMWED-represented employees and they shall perform all subsequent maintenance, repair and rehabilitation work on such trackage once the Carrier has begun operations thereon.
- D. In the event the Carrier plans to contract out work pursuant to sections 6 A and 6 B, the Carrier shall provide informational notice to the General Chairman involved, in writing, not less than 15 days in advance of the date of the contracting transaction and shall meet with the General Chairman upon request to discuss the matter.

- E. CSXT may establish System or Zone New Track Construction Gangs consistent with the terms and conditions set forth in Section 1 B, paragraphs B1, B2 and B3 above for System and Zone Welding Gangs.
- F. If contractors are employed to perform new track construction work on a given SLWT pursuant to Paragraph A above, no BMWED-represented employee who holds seniority on that SLWT shall be required to accept furlough or remain on furlough during the time the contractors are working on the SLWT. Instead, all BMWED-represented employees who hold seniority on that SLWT shall be given the opportunity to remain in active service or return to active service from furlough during the time the contractors are working on that SLWT, unless CSXT offers voluntary furloughs and an employee chooses to accept furlough.

### **Section 7 - 60/40 Reporting**

- A. The quarterly reporting requirement ("60/40 Report") established by Side Letter No. 2 dated May 11, 1999 (CSXT Labor Agreement No. 12-08-99) is eliminated.

### **Section 8 - Flagging Work**

- A. The classification of Assistant Foreman - Flagman with a rate of pay equal to that of a Class "A" Machine Operator shall be established within the Track and B&B Departments under the June 1, 1999 Agreement. The Assistant Foreman-Flagman (Track) seniority standing shall be based on Assistant Foreman seniority in the Track Department. The Assistant Foreman-Flagman (B&B) seniority standing shall be based on Assistant Foreman seniority in the B&B Department.
  - 1. When flagging work is required in connection with Track Department work or other work that holds the potential to undermine the integrity of the roadbed or track structure, an Assistant Foreman - Flagman from the Track Department shall be assigned in accordance with Rule 3, Section 3 or 4, as applicable.
  - 2. When flagging work is required in connection with B&B Department work or other work that holds the potential to undermine the integrity of structures such as bridges or buildings an Assistant Foreman - Flagman from the B&B Department shall be assigned in accordance with Rule 3, Section 3 or 4, as applicable.
- B. In the application of this Section 8, it is understood that: (1) Communication and Signal Department employees may provide flagging protection for their own work; (2) pursuant to agreements with the operating crafts in effect on some former component railroads, Operating Department employees may provide flagging protection for train movements; (3) CSXT shall assign a flagman only in cases where

it determines a flagman is required. The purpose of this Section 8 is to ensure that flagging work will not be contracted out and that Track and B&B Department employees shall provide flagging protection for their own work and for outside forces (utility companies, contractors, municipal workers, etc.) engaged in work on or near the right-of-way that has the potential to undermine the integrity of the roadbed, track, bridges or other railroad structures.

### **Section 9 - Travel Allowance**

- A. Effective thirty (30) days after the signing of this Memorandum of Agreement, the travel allowances currently in effect for District Gangs and SLWT Gangs shall be modified and increased as follows:
1. Travel allowance for employees assigned to floating District Gangs, which is currently \$25 per weekend or \$50 per weekend for round trips over 400 miles (CSXT Labor Agreement 12-18-97), shall be increased to \$65 per weekend for all employees assigned to floating District Gangs, irrespective of miles driven.
  2. Travel allowance for employees assigned to SLWT Gangs, which is currently \$50 per weekend or \$75 per weekend for round trips over 300 miles (Section 4.d. of CSXT Labor Agreement No. 12-018-99), shall be increased to \$90 per weekend for all employees assigned to SLWT Gangs, irrespective of miles driven.
- B. The District travel allowance of \$65 per weekend and SLWT travel allowance of \$90 per weekend shall be adjusted each year pursuant to the formula set forth in Section 11 - Travel Allowance of the System Production Gang Agreement (last updated August 22, 2005). That is, as of January 1, 2008 and each January 1<sup>st</sup> thereafter, the weekly rates for District and SLWT travel will be adjusted by the percent change in the IRS allowable mileage rate in effect in January of that year compared to the mileage rate in effect in January of the preceding year, which will be applied to the District and SLWT rates. At no time will the weekly rates fall below \$65.00 for District Gangs or \$90.00 for SLWT Gangs.

(Note – Nothing in this Section 9 is intended to abrogate or modify the provisions of Sections 4.e, 4.f. or 4.g. of the May 23, 1999 Strongsville Agreement – Appendix “U” to the June 1, 1999 Agreement.)

**Section 10 - Effect of this Agreement**

- A. This Agreement shall be considered a special agreement as to the terms and conditions specifically addressed herein and shall amend the June 1, 1999 Agreement as to those terms and conditions. All terms and conditions not specifically addressed herein shall continue to be controlled by the June 1, 1999 Agreement. All matters concerning the contracting out of work that are not specifically addressed herein shall continue to be controlled by the Scope Rule of the June 1, 1999 Agreement and this Agreement is without prejudice to either party's position with respect to the meaning of the Scope Rule in such matters. This Agreement will remain in effect until modified in accordance with the requirements of the June 1, 1999 Agreement and Railway Labor Act, as amended.
  
- B. This Agreement is effective May 23, 2007.

FOR THE ORGANIZATION:

FOR THE CARRIER:

Dennis Albers  
Dennis Albers, General Chairman

Janet C Amidon  
J. C. Amidon, Director Labor Relations

Gary Cox  
Gary Cox, General Chairman

Don Bagley  
Don Bagley, Vice President Engineering

Joe Dodd  
Joe Dodd, General Chairman

Bradley A. Winter  
Bradley A. Winter, General Chairman

Stuart A. Hurlburt, Jr.  
Stuart A. Hurlburt, Jr. General Chairman

James D. Knight  
James D. Knight, General Chairman

T. R. McCoy, Jr.  
T. R. McCoy, Jr. General Chairman

AGREED:

J. R. Cook  
J. R. Cook, Vice President